

Fresenius Finance B.V.

Unaudited interim report
including the following reports

Semi-annual director's report

Semi-annual financial
statements

Statement from the board of
directors

Fresenius Finance B.V.

Semi-annual director's report
and
Semi-annual financial
statements per 30.06.2016
(unaudited)

Interim director's report

Management of Fresenius Finance B.V. ("the company") hereby presents its unaudited semi-annual financial statements for the financial period ended on 30 June 2016.

General information

The company is a financing company. The principal activities of the company consist of borrowing and lending activities to affiliated companies from Fresenius SE & Co. KGaA.

At balance sheet date the company has issued Eurobonds for EUR 2,200,000,000, and the company has provided loans to affiliated companies for EUR 2,214,371,119.

The company, statutory seated in 's-Hertogenbosch, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is managed by two directors and uses services provided by affiliated companies and external advisers.

The objective of the company is to act as the most appropriate financing company for Fresenius SE & Co. KGaA and affiliated companies.

The company has not experienced significant problems related with the worldwide financial and economic crisis.

Financial information

During 2016, the company continued her role as financing company for the Fresenius group.

The operating result before taxation has decreased from EUR 575,694 (H1/2015) to EUR 568,306 for H1/2016. This decrease (on balance) compared with H1/2015 is mainly the result of a lower cost of outsourced work (decreased with EUR 4,725).

The balance sheet total has increased from EUR 2,226,527,818 at the end of 2015 to EUR 2,229,336,416 at the end of H1/2016.

The financial fixed assets increased by EUR 1,618,638 (due to increased amortization of issue costs on loans).

The shareholder's equity increased by EUR 563,390 to a positive amount of EUR 17,566,874. This increase is the result of the current period of EUR 563,390 which is added to the unappropriated result under the shareholder's equity. The unappropriated result of 2015 has been added to the retained earnings.

The non-current liabilities increased by EUR 2,275,150 (due to an increased accumulated amortization issue costs of EUR 1,892,924 and increased accumulated amortization cost on disagio/premium of EUR 382,226).

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The current liabilities decreased by EUR 29,942, (mainly due to a decrease in accrued expenses).

Significant risks and uncertainties depend on the risks and uncertainties in the affiliated companies that have outstanding loans from Fresenius Finance B.V.

Cash flows and funding requirements of the company are driven by the cash flows and funding requirements of the affiliated companies.

Financial and non-financial performance indicators

The net result for the period decreased with EUR 3,197 compared with H1/2015.

Since Fresenius SE & Co. has published a cash flow statement in her semi-annual accounts, the company is not obliged to perform a publication in her semi-annual accounts

Outgoing cash flow exceeded incoming cash flows over the period January 2016 till June 2016 and has resulted in a cash and cash equivalents net decrease of EUR 217,975.

Personnel related information

During 2016 the company had two directors. One part time director (20% full time equivalent) was on the pay roll during the full period. The second director of the company received no emoluments.

Information regarding financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, loans from and to affiliated companies, bank loans and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. Consequently a major part of the risk is covered. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. Fresenius' credit quality is assessed and regularly reviewed by the leading rating agencies Standard & Poor's, Moody's and Fitch. Standard & Poor's rating for Fresenius SE & Co. KGaA is currently BBB- with stable outlook, Moody's rating is currently Baa3 with stable outlook and Fitch's rating is currently BB+ with stable outlook.

The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically loans and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge the remaining interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy.

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

At 30 June 2016 the company has no foreign currency risk.

Future developments

Investments in financial fixed assets (such as loans to affiliated companies) will be done if necessary for the affiliated companies.

No future activities regarding research and development are expected.

The profitability will mainly depend on the amounts of the loans provided to affiliated companies and the corresponding interest spread.

Incoming and outgoing cash flows are expected to remain in balance.

The Company has entered into the First Supplemental Indenture dated 29 July 2016 with its parent company Fresenius SE & Co. KGaA ("Parent"), the Guarantors, the Trustee and the Agent and Registrar. Pursuant to this First Supplemental Indenture, the issuer for all Senior

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Notes outstanding as of 30 June 2016 will change from the Company to the Parent. All outstanding Senior Notes are concerned.

Accordingly, the Company will, as from 29 July 2016, no longer be the issuer of the Senior Notes, and the Parent will take over all obligations arising under the Senior Notes Indentures, including the obligation of repayment towards the holders of the Senior Notes. As a consequence of this issuer substitution process, the intercompany receivables relating to the Senior Notes will fall within the Parent having the effect of being redeemed as of the date of the First Supplemental Indenture.

Responsibility statements

As far as we are aware the interim financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the company. The interim financial statements give a true and fair view regarding the position on the balance sheet date, the state of affairs during the first half of the financial year of the company and its associated companies whose information is disclosed in the interim financial statements, and the principal risks confronting the company are discussed.

Zeist, July 27th, 2016

The Board of Directors

Jos Simons

Dirk De Preter

Interim balance sheet as at 30 June 2016

(Before profit appropriation)

		30/06/2016	31/12/2015
		EUR	EUR
Fixed assets			
Tangible fixed assets	1	1,898	2,391
Financial fixed assets	2	2,182,737,638	2,181,119,000
		<u>2,182,739,536</u>	<u>2,181,121,391</u>
Current assets			
Receivables from affiliated companies	3	46,111,788	44,787,045
Other receivables	4	116,019	32,334
Cash and cash equivalents	5	369,073	587,048
		<u>46,596,880</u>	<u>45,406,427</u>
		<u>2,229,336,416</u>	<u>2,226,527,818</u>
Shareholder's equity			
Issued capital	6	18,151	18,151
Share premium reserve	6	1,981,857	1,981,857
Retained earnings	6	15,003,476	13,028,980
Unappropriated result	6	563,390	1,974,496
		<u>17,566,874</u>	<u>17,003,484</u>
Non-current liabilities	7	2,184,711,151	2,182,436,001
Current liabilities	8	27,058,391	27,088,333
		<u>2,229,336,416</u>	<u>2,226,527,818</u>

Interim profit and loss account as at 30 June 2016

		30/06/2016		30/06/2015	
		EUR	EUR	EUR	EUR
Financial result					
Interest and similar income loans	9	40,069,881		39,083,998	
Interest income on income taxes	10				
Total interest and similar income		40,069,881		39,083,998	
Interest and similar charges	11	39,388,078		38,390,082	
			681,803		693,916
Costs of outsourced work and other external costs	12		113,497		118,222
Operating result before taxation			568,306		575,694
Taxation on result	13		-4,916		-9,107
Withholding taxes	13				
Net result			563,390		566,587

Interim statement of total income and expense as at 30 June 2016

	30/06/2016		30/06/2015	
	EUR	EUR	EUR	EUR
Net result after taxes attributable to the company		563,390		566,587
Changes in the fair value of the derivatives recognised in equity	-		-	
Total of items recognised directly in equity of the company		-		-
Total result of the legal entity		563,390		566,587

Notes to the financial statements as at 30 June 2016

General

Relationship with parent company and principal activities

The company, statutory seated in 's-Hertogenbosch, the Netherlands, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Amersfoortseweg 10 E, 3705 GJ ZEIST in the Netherlands.

Basis of preparation

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code.

Solvency

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Fresenius SE & Co. KGaA, Germany. In assessing the solvency and general risk profile of the company, the solvency of the Fresenius SE & Co. KGaA group as a whole needs to be considered.

Accounting policies

If not stated otherwise, assets and liabilities are shown at historical cost.

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is included in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed.

Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Principles for the translation of foreign currencies

The reporting currency in the financial statements of Fresenius Finance B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Financial instruments include trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

Derivatives and hedge accounting

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account (cash flow hedge accounting).

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are taken from the revaluation reserve to the profit and loss account.

In case a derivative no longer meets the conditions for hedge accounting, expires, is sold, or if the company has decided to no longer applies hedge accounting, the hedging relationship is terminated. The gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is taken to the profit and loss account.

The company regularly assesses the effectiveness of its hedging relationships by comparing the cumulative value change of the hedged position with the cumulative value change of the derivatives.

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The lower of the cumulative value change of the hedged position and the cumulative value change of the derivatives is recognised as a deferred gain or loss in the revaluation reserve.

The company documents its hedging relationships by means of specific hedging documentation.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost using the effective interest method, less impairment losses.

Long-term and current liabilities and other financial commitments

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.

Impairment

On reporting dates the company will test all long term assets reported at amortized cost whether any possible devaluations might occur. When the impairment test is positive, the company should determine the profit and loss effect of the impairment.

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the legal reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the legal reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Non-current liabilities

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Interest and similar income

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Interest and similar charges

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognised in the income statement.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to the operations of the company.

Taxation on result

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Several countries require that payers of interest to foreign payees withhold income tax from such payment and pay it to their government. Taxes withheld may be eligible for a tax credit depending on the tax structure of the company.

Cash flow statement

The Company's cash flow information is included in the cash flow statement presented in the consolidated financial statements of the ultimate parent company (Fresenius SE & Co KGaA, Germany) for the half year ended June 30, 2016, which can be obtained on the website of Fresenius SE & Co KGaA (<http://www.fresenius.com>). In accordance with the guidelines of the council for annual reporting (article 360.104) in the Netherlands, the company is exempted from including a cash flow statement in its financial statements.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Non-derivative financial obligations

The fair value of non-derivative financial commitments is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

1 Tangible fixed assets

Movements in Tangible Fixed Assets can be detailed as follows:

	Office equipment EUR	Hardware EUR	Total EUR
Balance at 1 January 2016			
Cost	5,710	15,768	21,478
Accumulated depreciation	<u>4,038</u>	<u>15,051</u>	<u>19,087</u>
Carrying amount at 1 January 2016	1,671	719	2,391
Changes during the year:			
• Cost depreciation at 30 June 2016	-270	-224	-494
• Additions to tangible fixed assets at 30 June 2016	-	-	-
Carrying amount at 30 June 2016	<u>1,302</u>	<u>595</u>	<u>1,898</u>
Cost	5,710	15,768	21,478
Accumulated depreciation	4,308	15,275	19,583
Carrying amount at 30 June 2016	1,302	595	1,898

2 Financial fixed assets

Movements in financial fixed assets can be detailed as follows:

	Loans to affiliated companies EUR	Deferred taxes EUR	Total EUR
Balance as at 1 January 2016	2,181,119,000	-	2,181,119,000
• Loans provided	-		-
• Loans redemptions			
• Issue costs			
• Amortization issue costs	1,618,638		1,618,638
• Tax effect of changes in fair value of derivatives recognized in equity		-	-
Balance as at 30 June 2016	<u>2,182,737,638</u>	<u>0</u>	<u>2,182,737,638</u>

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Loans to affiliated companies:

The loans to affiliated companies as at 30 June 2016 comprise long-term loans to

Fresenius SE & Co. KGaA with a principal amount of EUR 2,196,320,500 (31 December 2015: EUR 2,196,320,500) containing the following loans:

EUR 500,000,000 at 4.300 % due in 2019 (Fair value EUR 570 million)

EUR 500,000,000 at 2.930 % due in 2020 (Fair value EUR 548 million)

EUR 298,941,000 at 2.552 % due in 2019 (Fair value EUR 319 million)

EUR 444,379,500 at 3.411 % due in 2021 (Fair value EUR 503 million)

EUR 453,000,000 at 3.964 % due in 2024 (Fair value EUR 522 million)

The loans can be detailed as follows :

	2012/2019 EUR
Face value	500,000,000
Issue costs	-7,106,405
Accumulated amortisation issue cost	4,055,177
	<hr/>
Balance as at 30 June 2016	496,948,772

	2013/2020 EUR
Face value	500,000,000
Issue costs	-5,948,666
Accumulated amortisation issue cost	2,531,845
	<hr/>
Balance as at 30 June 2016	496,583,179

2014/2019
EUR

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Face value	298,941,000
Issue costs	-2,700,000
Accumulated amortisation issue cost	1,252,168
Balance as at 30 June 2016	297,493,168

2014/20121
EUR

Face value	444,379,500
Issue costs	-3,819,000
Accumulated amortisation issue cost	1,207,676
Balance as at 30 June 2016	441,768,176

2014/2024
EUR

Face value	453,000,000
Issue costs	-3,845,000
Accumulated amortisation issue cost	789,343
Balance as at 30 June 2016	449,944,343

**Total loans to
affiliated
companies
EUR**

Face value	2,196,320,500
Issue costs	-23,419,071
Accumulated amortisation issue cost	9,836,209
Balance as at 30 June 2016	2,182,737,638

3 Receivables from affiliated companies

	30/06/2016 EUR	31/12/2015 EUR
Accrued interest to receive from Fresenius SE & Co. KGaA	28,061,169	28,060,911
Cash position account Fresenius SE & Co. KGaA	18,050,619	15,405,453
	<hr/> 46,111,788	<hr/> 43,466,364

The receivables from affiliated companies as at 30 June 2016 comprise receivables from:

EUR 28,061,169 interest to receive from *Fresenius SE & Co. KGaA*

4 Other receivables

	30/06/2016 EUR	31/12/2015 EUR
Prepaid management fees	29,700	-
Prepaid income taxes	64,699	18,182
Other receivables	21,621	14,152
	<hr/> 116,019	<hr/> 32,334

Other

The other receivables consist of an amount of EUR 13,652 (2015: EUR 13,652) not due within one year. All other amounts are short term other receivables.

5 Cash and cash equivalents

Cash at bank and in hand are stated at nominal value and are at free disposal.

6 Shareholders' equity

	Issued capital	Share premium reserve	Hedging reserve	Retained earnings	Unappro- priated result	Total 30/06/2016	Total 31/12/2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January	18,151	1,981,857	-	13,028,980	1,974,496	17,003,484	15,028,988
Changes:							
Result as at 30/06/2016					563,390	563,390	1,974,496
Retained earnings				1,974,496	-1,974,496	-	-
Changes in fair value of derivatives recognised in equity							
Balance as at 30/06/2016	18,151	1,981,857		15,003,476	563,390	17,566,874	17,003,484

Referring to Article 178c sub 1, the authorized share capital of the company consists of 200 shares with a nominal value of EUR 453.78.

According to the Articles of Association, the shares are nominated in guilders NLG 1,000 per share. 40 shares are issued and fully paid. No changes occurred during the year.

The share premium reserve relates to income from the issuance of shares as far nominal value of the shares (income above par) is exceeded. No changes occurred during the year.

7 Non-current liabilities

This note provides information about the contractual terms of the company's interest-bearing notes and bonds and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, refer to note 8 - Financial Instruments.

The non-current liabilities can be specified as follows:

	30/06/2016	31/12/2015
	EUR	EUR
Senior Notes	2,184,711,151	2,182,436,001
	2,184,711,151	2,182,436,001

Senior Notes

In January 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 300 million with a coupon of 2.375%. This Senior Note will mature in 2019. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 2,65%, which differs from the coupon rate due to the issue costs and the disagio.

In January 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 450 million with a coupon of 3.000%. This Senior Note will mature in 2021. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 3,34%, which differs from the coupon rate due to the issue costs and the disagio.

In February 2014, Fresenius Finance B.V. issued a new Senior Note for a total amount of EUR 450 million with a coupon of 4.000%. This Senior Note will mature in 2024. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue. The effective interest of the senior note is 4,02%, which differs from the coupon rate due to the issue costs and the premium.

The effective interest of the senior notes 2012/2019 and 2013/2020 are respectively 4,49% (coupon rate of 4,25%) and 3,06% (coupon rate of 2,875%), which is caused by the issue costs.

The Senior Notes have been offered in a private placement to institutional investors. Fresenius SE & Co KGaA has applied the Luxembourg Stock Exchange to admit the senior notes to trading on its regulated market.

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The Senior Notes can be detailed as follows:

	Senior notes (2019) EUR
Face value	500,000,000
Issue costs	-7,106,405
Accumulated amortisation issue cost	4,129,571
	<hr/>
Balance as at 30 June 2016	497,023,166
	<hr/>

	Senior notes (2020) EUR
Face value	500,000,000
Issue costs	-5,948,666
Accumulated amortisation issue cost	2,605,820
	<hr/>
Balance as at 30 June 2016	496,657,154
	<hr/>

	Senior notes (2019) EUR
Face value	300,000,000
Issue costs	-2,700,000
Disagio	-1,059,000
Accumulated amortisation issue cost	1,274,515
Accumulated amortisation disagio	503,560
	<hr/>
Balance as at 30 June 2016	298,019,075
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	Senior notes (2021) EUR
Face value	450,000,000
Issue costs	-3,819,000
Disagio	-5,620,500
Accumulated amortisation issue cost	1,248,699
Accumulated amortisation disagio	1,862,385
	<hr/>
Balance as at 30 June 2016	443,671,584
	<hr/>

	Senior notes (2024) EUR
Face value	450,000,000
Issue costs	-3,845,000
Premium	3,000,000
Accumulated amortisation issue cost	840,113
Accumulated amortisation premium	-654,940
	<hr/>
Balance as at 30 June 2016	449,340,173
	<hr/>

	Senior notes (Total) EUR
Face value	2,200,000,000
Issue costs	-23,419,071
Disagio/Premium	-3,679,500
Accumulated amortisation issue cost	10,098,717
Accumulated amortisation disagio/premium	1,711,005
	<hr/>
Balance as at 30 June 2016	2,184,711,151
	<hr/>

8 Current liabilities

Current liabilities can be specified as follows:

	30/06/2016	31/12/2015
	EUR	EUR
Trade creditors	11,452	27,008
Accrued interest	27,003,505	27,003,325
Other liabilities	43,614	58,000
	<hr/>	<hr/>
	27,058,391	27,088,333
	<hr/>	<hr/>

Accrued interest

The accrued interest can be detailed as follows:

	30/06/2016	31/12/2015
	EUR	EUR
Euro Notes EUR 500,000,000 (2019)	4,427,083	4,427,083
Euro Notes EUR 300,000,000 (2019)	2,950,200	2,950,200
Euro Notes EUR 500,000,000 (2020)	6,588,542	6,588,542
Euro Notes EUR 450,000,000 (2021)	5,587,500	5,587,500
Euro Notes EUR 450,000,000 (2024)	7,450,000	7,450,000
	<hr/>	<hr/>
	27,003,505	27,003,325
	<hr/>	<hr/>

Off-balance liabilities

The liability concerning the rent of the building amounts to EUR 101,971 (2015 : EUR 32,892).
This amount represents 3 years of rent

Financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk and credit risk. The company uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes. This is not applicable for FY 2016 and therefore risk regarding interest is low for FY 2016 since we have fixed interest rates

Earnings of the company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest derivatives matched the critical terms of the underlying exposures.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. The corporate credit rating of Fresenius SE & Co. KGaA at issue date of these financial statements is for Standard & Poor's BBB- with stable outlook, for Moody's Baa3 with stable outlook and for Fitch's BB+ with stable outlook.

The company does not except any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically, lending's and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps matured in 2014 following the maturity of the related loans and had fixed swap rates ranging from 4.0050% to 4.8800%.

The interest rate risk is mitigated for 2016 and the following years as the interest rate of the long term loans is fixed and directly related to the interest rate of the senior notes. As a result, there is no interest rate risk at June 30th, 2016, and the company does not expect to have an interest rate risk in the near future.

Due to these fix interest rates and the long term of the loans, there may be a risk concerning the fair value.

Fresenius Finance B.V.

Foreign currency risk

At balance sheet date the company has no foreign currency risk.

Cash flows and liquidity risk

Future cash flows and financial requirements will mainly be influenced by the future cash flows and financial requirements of the parent company Fresenius SE & Co KGaA and its subsidiaries.. As in previous years the company expects that loans provided to affiliated companies will be repaid on due date.

The cash flow risk is therefore nil.

Generally it is Fresenius' goal to minimize external debt in all of its subsidiaries. So all subsidiaries are instructed to use primarily the Fresenius In-house bank (which is located at Fresenius SE).

We expect Fresenius SE & Co KGaA to remain solvent.

The liquidity risk is as well nil due to matching of the external financing with the internal loans with a fix interest rate. They have the same term, similar nominal value, and the projected interest receivables are higher than the interest payables.

There is also a EUR 18 million current account which guarantees sufficiently the liquidity position of the company.

9 Interest and similar income

Interest and similar income can be detailed as follows:

	30/06/2016	30/06/2015
	EUR	EUR
Interest income Fresenius SE & Co. KGaA	38,451,244	38,449,424
Effective interest income on loans to affiliated companies	1,618,637	634,574
	<hr/>	<hr/>
	40,069,881	41,063,251

10 Interest income on income taxes

As there are no outstanding amounts with the tax authorities, the interest income on income taxes is nil.

11 Interest and similar charges

Interest expenses and similar charges can be detailed as follows:

	30/06/2016	30/06/2015
	EUR	EUR
Interest expense Eurobonds	37,481,840	37,483,088
Effective interest expenses Senior Notes	1,905,875	906,604
Bank expenses	363	390
	39,388,078	38,390,082

12 Costs of outsourced work and other external costs

The costs of outsourced work and other external costs are detailed as follows:

	30/06/2016	30/06/2015
	EUR	EUR
Salaries	7,874	-
Charged management and service expenses	29,125	29,700
Consulting and other fees	37,770	26,816
Tax advisory services KPMG Meijburg & Co	7,001	40,843
Rent office building	16,495	8,223
Bank fees	4,000	-
Other	11,232	12,640
	113,497	118,222

The audit of the Company will be performed by Ernst & Young Accountants LLP. The fees for the external Dutch auditor, the audit organization and the entire network to which the audit organization belongs charged to the financial year amounts to EUR 48,400. No other services are applicable.

13 Taxation on result

The effective tax rate is 33% (2015: 33%) and the applicable tax rate 25% (2015: 25%) in the Netherlands.

	30/06/2016	31/12/2015
	EUR	EUR
Taxation on result current year	-4,916	-9,107
	<hr/>	<hr/>
	-4,916	-9,107
	<hr/>	<hr/>

14 Transactions with related parties

It is normal course of business Fresenius Finance B.V. issues loans to affiliated companies. These transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

15 Employees

In 2016, one employee is employed. This represents 0,2 FTE in The Netherlands (2015: 0 FTE).

16 Emoluments of directors

During 2016 the company had two directors. One part time director (20% full time equivalent) was on the payroll during the full period (EUR 7,874). The second director of the company received no emoluments.

Zeist, July 27th, 2016

The Board of Directors

J.M. Simons

D. De Preter

Other information

Independent auditor's report

Reference is made to the last pages of this report.

This interim reporting package has not been audited

Statutory stipulations concerning the appropriation of results

Article 20 of the Articles of Association contains the following stipulations regarding the appropriation of results:

- Sub 1. The result is at the disposal of the General Meeting.
- Sub 2. Payments can only be made for at most the payable part of shareholder's equity.
- Sub 3. Payment of profit shall only be distributed after adoption of the financial statements proving that profit distribution is allowed.
- Sub 4. The company is allowed to make interim profit distributions provided this article's sub 2 is complied with.
- Sub 5. The General Meeting is allowed to make payments chargeable to retained earnings provided this article's sub 2 is complied with.
- Sub 6. The shareholder's claim on payment becomes barred by lapse of five years.

Proposal for the appropriation of the result 2016

In accordance with Article 20 of the Articles of Association, the result after taxation is at the disposal of the Shareholders.

Subsequent events after balance sheet date

- The Company has entered into the First Supplemental Indenture dated 29 July 2016 with its parent company Fresenius SE & Co. KGaA ("Parent"), the Guarantors, the Trustee and the Agent and Registrar. Pursuant to this First Supplemental Indenture, the issuer for all Senior Notes outstanding as of 30 June 2016 will change from the Company to the Parent. All outstanding Senior Notes are concerned.

Accordingly, the Company will, as from 29 July 2016, no longer be the issuer of the Senior Notes, and the Parent will take over all obligations arising under the Senior Notes Indentures, including the obligation of repayment towards the holders of the Senior Notes. As a consequence of this issuer substitution process, the intercompany receivables relating to the Senior Notes will fall within the Parent having the effect of being redeemed as of the date of the First Supplemental Indenture.

Fresenius Finance B.V.

**Statement from the Board of
Directors**

FRESENIUS FINANCE B.V.

Statement from the Board of Directors

To the best of our knowledge, the financial statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as of 30 June 2016.

The interim management report includes a fair review of the important events which have occurred during the first six months of the financial year and their impact on the financial statements, together with a fair description of the principal risks and uncertainties the Company faces for the remaining six months of the financial year.

Zeist, July 27th, 2016

The Board of Directors

Signed by

Joseph Maurice Simons

Dirk De Preter